

Federal health care reform implementation in Washington State

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Who are the players in Washington state?

- Governor and executive branch agencies
- Legislature
- Office of the Insurance Commissioner [OIC]
- Local governments
- Carriers/insurers
- Health care providers
- Employers
- Consumer advocates
- Other interested organizations

Governor's Executive Order 10-01

- Health Care Cabinet
 - Members: HCA, DOH, DSHS, OFM, Executive policy office.
 - OIC , by invitation, for insurance issues.
 - DOC, DRS, DVA, LNI, based upon the issue.
 - Chair: Jonathan Seib
- Cabinet will work collaboratively with tribal, local and federal governments.

Governor's Executive Order 10-01

- By August, 2010, the Cabinet must submit a detailed work plan to the Governor:
 - In-depth analysis of the legislation, with short and long-range opportunities, issues and gaps identified;
 - State agency activities needed to implement reform, including assisting the private sector with implementation;
 - Work force capacity and training needs, &
 - Specific action steps and timelines.

Governor's Executive Order 10-01

- Identify actions and timelines to implement uniform policies across state purchased health care programs, and to consolidate health care purchasing functions under HCA, i.e. DSHS/Medicaid moving to HCA.
- Define a broad stakeholder engagement process.
- Identify statutory and budget modifications necessary to implement federal reform and submit to Governor for proposed '11-'13 budget.

Joint Legislative Select Committee on Health Reform Implementation

- Established in 2010 supplemental budget.
- Co-chaired by chairs of House and Senate health care committees -- Rep. Cody and Sen. Keiser.
- House and Senate each appoint two Republican and two additional Democratic members.

Joint Legislative Select Committee on Health Reform Implementation

- May form advisory committees to focus on particular issue areas. Opportunity for stakeholder participation.
- Two overall functions of the joint select committee:
 - > Initial consideration of substantive policy and budget decisions that must be made by the legislature; and
 - > Review of, and participation in executive branch and OIC implementation efforts.

Joint Legislative Select Committee on Health Reform Implementation

- First meeting of the committee held May 26th.
- Anticipate that the Joint Select Committee's duration will extend beyond June 30, 2011 – can be accomplished in 2011 session via joint resolution or proviso in '11-'13 budget.

High Risk Pool

- \$5 billion nationally for 2010 - 2014 to offer coverage to people with pre-existing conditions:
 - July 1, 2010 implementation.
 - Eligibility: Rejected from individual coverage due to a pre-existing condition and have been uninsured for at least 6 months.
 - Premium cost is 100% of cost of comparable individual health plan in standard market.

High Risk Pool

- Washington has an existing high risk pool
 - Washington State Health Insurance Pool [WSHIP]. About 3500 enrollees.
 - Eligibility: Rejected from individual coverage under standard health screen. No requirement to have been uninsured.
 - Premium cost is 110% to 150% of comparable individual health plan in standard market. Most enrollees pay at 110% of market rates.

High Risk Pool

- The new federal high risk pool will be administered by WSHIP, side-by-side with WSHIP.
- Our allocation is \$102 million for the 3 year period.
- The Office of the Insurance Commissioner will be submitting our application for funding on June 1, with a goal of having the program begin July 1.

Immediate health insurance reform changes

- Office of the Insurance Commissioner will implement.
- Effective for health plans entered into or renewed after September 2010.
- OIC is working with health insurers now to define the specifics of the changes .
- With exception of medical loss ratio provision, these changes apply to both self-funded and fully insured health plans.

Immediate health insurance reform changes

- Prohibits denial of coverage for children with pre-existing medical conditions. (Prohibition goes into effect for adults on January 1, 2014).
- Prohibits lifetime caps on benefits. Limited ability to place annual limits on benefits (defined by HHS).
- Prohibits co-pays for preventive care, including immunizations, well child care, and preventive care and screening services for women.
- Dependent coverage is extended up to age 26. No restrictions related to student status, financial dependence, marital status, or living situation.

Immediate health insurance reform changes

- Minimum medical loss ratio [MLR]:
 - > 85% for large group plans/ 80% for small group and individual plans.
 - > Insurers must report MLR beginning in 2010, and rebates to consumers required in 2011 if MLR is lower than minimum allowed.
 - > Applies only to fully insured plans.
- Administrative simplification for insurance forms/standards:
 - > Washington State enacted similar legislation in 2008; we are ahead of national effort.

Reinsurance program for early retiree coverage

- Temporary reinsurance program for employers providing health insurance coverage to early retirees age 55 to 64.
- Employers reimbursed for 80% of retiree claims between \$15,000 and \$90,000 per year.
- Reinsurance payments must be used to lower costs for retirees in the plan.
- \$5 billion for period of 2010-2013.

Federal Medicaid waiver application

- The federal Medicaid statute did not historically allow coverage of non-disabled childless adults under Medicaid, regardless of how poor a person was.
- As of January 2014, all adults with income up to 133% FPL will be eligible for Medicaid, with high federal matching fund rates to help states with this added cost.
- During 2010-2013, states have option to cover childless adults up to 133% FPL with Medicaid funding.

Federal Medicaid waiver application

- For over 20 years, Washington state has used state-only funds to cover childless adults and parents through the Basic Health Plan and General Assistance medical care services. Over the past 15 years, we've invested over \$2 billion in funding these programs.
- The federal health care law gives us the opportunity to request a federal waiver for the 2010-2013 time period.

Federal Medicaid waiver application

- Goal: Obtain federal Medicaid matching funds to help us sustain coverage for approximately 85,000 adults served through BH and GAU medical during the 3 year bridge period.
- Waiver request has been submitted to the federal government. Negotiations are underway and progressing well.
- Goal: waiver approval by December 2010.

Funding opportunities for the state and partner organizations

- The federal health care bill includes numerous opportunities for states and other entities to apply for grant funding on a range of issues, from health care workforce, to public health, to innovative health care delivery and payment policies.
- Both the legislature and executive branch will be carefully reviewing these options, looking for opportunities to further support efforts to strengthen our health care system.